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(54) Title: SYSTEMS AND METHODS FOR PROVIDING A BARTER EXCHANGE LINE OF CREDIT

(57) Abstract:

# PATENT COOPERATION TREATY

## PCT

### DECLARATION OF NON-ESTABLISHMENT OF INTERNATIONAL SEARCH REPORT

(PCT Article 17(2)(a), Rules 13ter.1(c) and Rule 39)


Applicant's or agent's file reference <b>10655.9616</b>	IMPORTANT DECLARATION	Date of mailing(day/month/year) <b>05/11/2001</b>
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International Patent Classification (IPC) or both national classification and IPC <b>G06F17/60</b>		
Applicant <b>AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY..</b>		

This International Searching Authority hereby declares, according to Article 17(2)(a), that no international search report will be established on the international application for the reasons indicated below

1. ☒ The subject matter of the international application relates to:
  - a. ☐ scientific theories.
  - b. ☐ mathematical theories
  - c. ☐ plant varieties.
  - d. ☐ animal varieties.
  - e. ☐ essentially biological processes for the production of plants and animals, other than microbiological processes and the products of such processes.
  - f. ☒ schemes, rules or methods of doing business.
  - g. ☐ schemes, rules or methods of performing purely mental acts.
  - h. ☐ schemes, rules or methods of playing games.
  - i. ☐ methods for treatment of the human body by surgery or therapy.
  - j. ☐ methods for treatment of the animal body by surgery or therapy.
  - k. ☐ diagnostic methods practised on the human or animal body.
  - l. ☐ mere presentations of information.
  - m. ☐ computer programs for which this International Searching Authority is not equipped to search prior art.
2. ☒ The failure of the following parts of the international application to comply with prescribed requirements prevents a meaningful search from being carried out:
 

☐ the description
☒ the claims
☐ the drawings
3. ☐ The failure of the nucleotide and/or amino acid sequence listing to comply with the standard provided for in Annex C of the Administrative Instructions prevents a meaningful search from being carried out:
 

☐ the written form has not been furnished or does not comply with the standard.  
☐ the computer readable form has not been furnished or does not comply with the standard.
4. Further comments: see further information sheet

Name and mailing address of the International Searching Authority  European Patent Office, P.B. 5818 Patentlaan 2 NL-2280 HV Rijswijk Tel. (+31-70) 340-2040, Tx. 31 651 epo nl, Fax: (+31-70) 340-3016	Authorized officer  <b>Roger Thomas</b>
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FURTHER INFORMATION CONTINUED FROM PCT/ISA/ 203

A meaningful search is not possible on the basis of all claims because all claims are directed to - Scheme, rules and method for doing business - Rule 39.1(iii) PCT

The applicant's attention is drawn to the fact that claims relating to inventions in respect of which no international search report has been established need not be the subject of an international preliminary examination (Rule 66.1(e) PCT). The applicant is advised that the EPO policy when acting as an International Preliminary Examining Authority is normally not to carry out a preliminary examination on matter which has not been searched. This is the case irrespective of whether or not the claims are amended following receipt of the search report or during any Chapter II procedure. If the application proceeds into the regional phase before the EPO, the applicant is reminded that a search may be carried out during examination before the EPO (see EPO Guideline C-VI, 8.5), should the problems which led to the Article 17(2) declaration be overcome.

significant challenge of transferring and receiving value from an online barter transaction, regardless of whether the transfer, accrual and/or receipt of value culminates in an online barter exchange transaction or is used to offset a deficit created by a separate barter exchange transaction in which the values of the exchanged goods and/or services were not equal. While the Internet has become an extraordinarily efficient mechanism for the dissemination of information, the development of effective, secure means for balancing barter exchange transactions involving goods and/or services with disparate values has often been problematic and has been a significant factor in slowing the acceptance and growth of online barter exchange transaction volume. A further obstacle is the unavailability of a suitable means for immediately balancing a particular barter exchange transaction of goods and/or services having disparate values. In the absence of available currency to balance the transaction based on goods and/or services bearing disparate values, it is difficult to conduct a barter exchange transaction until suitable corresponding goods and/or services are available for transfer. In order to facilitate this, the concept of 'trade credits' has been established as the standard currency in the industry. In the barter exchange context, a convenient method does not exist to enable the exchange of goods and/or services to be time shifted without at least one of the barter exchange participants accepting the risk of not receiving the value for which he bargained. To solve these and other problems, a trade credit lending product and system are needed to interface with a barter exchange network such that transactions can be effected using trade credits.

### SUMMARY OF THE INVENTION

The present invention is a computer-implemented credit product comprising systems and methods for facilitating barter exchange transactions involving the exchange of trade credits for goods, services, or other value between remote

individuals, such as users of a distributed computer network or Internet users. The product can be thought of as a 'barter exchange line of credit'. The system includes at least one client system; a barter exchange utility server in communication with the client system; and at least one creditor that provides a barter exchange line of credit service and that is capable of receiving data from, and transmitting data to, the barter exchange utility server.

The present invention facilitates barter exchange transactions by providing a credit product to be used for purchasing trade credits that are in turn used for transactions solely in the electronic barter economy. The credit product resembles a cash line of credit but can only be accessed through a draw down transaction through the barter exchange relationship.

The method includes a barter exchange utility server and at least one registered client's interfacing; receiving from at least one of said client and said barter exchange utility server a request to establish and debit funds from a financial account of said client; providing resolution of the request to said client; receiving value from said barter exchange utility server or receiving value directly from said client; converting said value to funds; and reconciling the financial accounts of said client and said barter exchange utility server.

In various exemplary embodiments of the present invention, the system and method may include, but are not limited to, any of the following: means for processing an application for a barter exchange line of credit; means for processing a barter exchange transaction where at least some of the value exchanged comprises trade credits; means for billing a barter exchange line of credit client for barter exchange line of credit services; means for processing payments through a trade credit sale; means for processing a payment of cash received by a barter exchange line creditor; means for processing a payment of cash received by a barter exchange utility

server; means for processing default of a barter exchange line of credit; means for processing the write-off of a barter exchange line of credit; means for processing the cancellation of a barter exchange line of credit; and means for servicing a barter exchange line of credit.

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## BRIEF DESCRIPTION OF THE DRAWINGS

Additional aspects of the present invention will become evident upon reviewing the non-limiting embodiments described in the specification and the claims, in conjunction with the accompanying figures, wherein like numerals designate like elements, and wherein:

10        FIG. 1 is a schematic block diagram illustrating an exemplary system for providing a barter exchange line of credit to facilitate barter exchange transactions between parties residing at remote locations.

FIG. 2 is a schematic block diagram illustrating the various interfaces of an exemplary barter exchange line of credit system.

15        FIG. 3 is a schematic block diagram illustrating an exemplary application process for a barter exchange line of credit.

FIG. 4 is a schematic block diagram illustrating an exemplary transaction process for a barter exchange transaction facilitated by a barter exchange line of credit.

20        FIG. 5 is a schematic block diagram illustrating an exemplary payment process for a barter exchange line of credit wherein the payment comprises a sale of trade credits.

FIG. 6 is a schematic block diagram illustrating an exemplary payment process for a barter exchange line of credit wherein the payment comprises cash  
25        received by a barter exchange line creditor.

FIG. 7 is a schematic block diagram illustrating an exemplary process for defaulting a barter exchange line of credit.

### DETAILED DESCRIPTION OF EXEMPLARY EMBODIMENTS

The present invention may be described herein in terms of functional block components and various processing steps. It should be appreciated that such functional blocks may be realized by any number of hardware and/or software components configured to perform the specified functions. For example, the present invention may employ various integrated circuit components, such as memory elements, processing elements, logic elements, look-up tables, and the like, which may perform a variety of functions under the control of one or more microprocessors or other control devices. Similarly, the software elements of the present invention may be implemented with any programming or scripting language, such as C, C++, Java, COBOL, assembler, PERL, or the like, with the various algorithms being implemented with any combination of data structures, objects, processes, routines, or other programming elements. Further, it should be noted that the present invention may employ any number of conventional techniques for data transmission, signaling, data processing, network control, and the like. For a basic introduction to cryptography, please review a text written by Bruce Schneider which is entitled "Applied Cryptography: Protocols, Algorithms, And Source Code In C," published by John Wiley & Sons (second edition, 1996), which is hereby incorporated by reference.

It should be appreciated that the particular implementations shown and described herein are illustrative of the invention and its best mode and are not intended to otherwise limit the scope of the present invention in any way. Indeed, for the sake of brevity, conventional data networking, application development, and other functional aspects of the systems (and components of the individual operating

components of the systems) may not be described in detail herein. Furthermore, the connecting lines shown in the various figures contained herein are intended to represent exemplary functional relationships and/or physical couplings between the various elements. It should be noted that many alternative or additional functional relationships or physical connections may be present in a practical system for providing a barter exchange line of credit to facilitate barter exchange transactions.

It will be appreciated that many applications of the present invention could be formulated. One skilled in the art will appreciate that the network may include any system for exchanging data or accomplishing information exchanges, such as the Internet, an intranet, an extranet, WAN, LAN, satellite communications, and/or the like. The users may interact with the system via any input device such as a keyboard, mouse, kiosk, personal digital assistant, handheld computer (e.g., Palm Pilot®), cellular phone, and/or the like. Similarly, the invention could be used in conjunction with any type of personal computer, network computer, workstation, minicomputer, mainframe, or the like running any operating system such as any version of Windows, Windows NT, Windows 2000, Windows 98, Windows 95, MacOS, OS/2, BeOS, Linux, UNIX, or the like. Moreover, although the invention is frequently described herein as being implemented with TCP/IP communications protocols, it will be readily understood that the invention could also be implemented using IPX, Appletalk, IP-6, NetBIOS, OSI or any number of existing or future protocols. Moreover, the system contemplates the creation and use of barter exchange line of credit applications over any network having similar functionality described herein.

Each participant is equipped with a suitable computing system to facilitate the creation and/or use of a barter exchange line of credit. Client systems may include a computing unit implemented in the form of a personal computer, although other types of computing units may be used, including a laptop computer, a notebook, a hand held



computer, a set-top box, a mini-computer, a PC server, a networked set of computers, a workstation, a mainframe, and/or the like.

The computing units are connected with each other via a data communications network. The network may be a public network, assumed to be insecure and open to eavesdroppers, or a private network, assumed to be secure and not open to eavesdroppers. In an illustrated implementation, the network is embodied as the Internet. In this context, the computers may or may not be connected to the Internet at all times. For instance, one client system may employ a modem to occasionally connect to the Internet, whereas another client system might maintain a permanent connection to the Internet. It is noted that the network may be implemented as other types of networks, such as an interactive television (ITV) network.

As will be appreciated by one of ordinary skill in the art, the present invention may be embodied as a method, a data processing system, a device for data processing, and/or a computer program product. Accordingly, the present invention may take the form of an entirely software embodiment, an entirely hardware embodiment, or an embodiment combining aspects of both software and hardware. Furthermore, the present invention may take the form of a computer program product on a computer-readable storage medium having computer-readable program code means embodied in the storage medium. Any suitable computer-readable storage medium may be utilized, including hard disks, CD-ROM, optical storage devices, magnetic storage devices, and/or the like.

The present invention is described below with reference to block diagrams and flowchart illustrations of methods, apparatus (*e.g.*, systems), and computer program products according to various aspects of the invention. It will be understood that each functional block of the block diagrams and the flowchart illustrations, and combinations of functional blocks in the block diagrams and flowchart illustrations,

respectively, can be implemented by computer program instructions. These computer program instructions may be loaded onto a general purpose computer, special purpose computer, or other programmable data processing apparatus to produce a machine, such that the instructions which execute on the computer or other programmable data processing apparatus create means for implementing the functions specified in the flowchart block or blocks.

These computer program instructions may also be stored in a computer-readable memory that can direct a computer or other programmable data processing apparatus to function in a particular manner, such that the instructions stored in the computer-readable memory produce an article of manufacture including instruction means which implement the function specified in the flowchart block or blocks. The computer program instructions may also be loaded onto a computer or other programmable data processing apparatus to cause a series of operational steps to be performed on the computer or other programmable apparatus to produce a computer-implemented process such that the instructions which execute on the computer or other programmable apparatus provide steps for implementing the functions specified in the flowchart block or blocks.

Accordingly, functional blocks of the block diagrams and flowchart illustrations support combinations of means for performing the specified functions, combinations of steps for performing the specified functions, and program instruction means for performing the specified functions. It will also be understood that each functional block of the block diagrams and flowchart illustrations, and combinations of functional blocks in the block diagrams and flowchart illustrations, can be implemented by either special purpose hardware-based computer systems which perform the specified functions or steps, or suitable combinations of special purpose hardware and computer instructions.

The present invention comprises computer-implemented systems and methods for providing a barter exchange line of credit to facilitate barter exchange transactions, regardless of the delivery mechanism employed in the dissemination of such barter exchange line of credit or the utility server mechanism used to facilitate the barter exchange transaction. The "services" may include sub-applications, sub-databases, sub-utilities, sub-services, and the like which are used for accomplishing any of several barter exchange transaction or trade credit associated activities, which may include, but are not limited to, calculations, simulation, formatting and graphics, data entry, language and currency conversions, tracking, asset allocation, stock portfolio analyses, and/or other suitable activities.

One skilled in the art will appreciate that the term "client", as used herein, unless specifically stated otherwise, refers to any device capable of interacting with the system of the present invention, such as a personal computer, personal digital assistant, laptop computer, network computer, workstation, minicomputer, mainframe, and/or the like. One skilled in the art further will appreciate that the term "client," as used herein, also includes any end-user of a barter exchange line of credit system of the present invention. Such end-user may be an individual, an entity, a business, a financial professional, and/or the like.

The present invention comprises systems, methods, and computer program products for providing a barter exchange line of credit to facilitate barter exchange transactions between remote individuals, wherein the transactions often include person-to-person transfers of trade credits. In an exemplary aspect, the present invention facilitates barter exchange transactions comprising sales transactions conducted between remote individuals, such as transactions between users of a distributed computer network.

One skilled in the art will appreciate that a "barter exchange line of credit account" or "account" or "financial account" can include a card account, a demand deposit account, a credit line, a money market account, a digital cash account, and/or any other financial account that is capable of accepting funds or other value, such as trade credits, that may be converted to funds. Such "financial accounts" are distinguished from "barter exchange accounts", or "exchange accounts", which are typically capable of accepting trade credits for use in a barter exchange transaction. One skilled in the art will appreciate that the word "value" as used herein refers to funds as well as any goods, services, funds, trade credits and accounts receivable that could reasonably be converted to or measured as funds. As a quantity, value refers to the quantity of funds that could reasonably be derived through conversion of the goods, services, funds, trade credits and accounts receivable to funds. Moreover, trade credit transfers in accordance with the present invention can be between trade credit accounts held with either the same trade institution or different trade institutions. A "trade institution," as will be appreciated by one of ordinary skill in the art, can include any suitable third party, such as a bank, a card issuer, a lender, a credit union, and/or the like.

Communication between the parties to the transaction and the system of the present invention is accomplished through any suitable communication means, such as, for example, a telephone network, Intranet, Internet, point of interaction device (point of sale device, personal digital assistant, cellular phone, kiosk, etc.), online communications, off-line communications, wireless communications, and/or the like. One skilled in the art will also appreciate that, for security reasons, any databases, systems, or components of the present invention may consist of any combination of databases or components at a single location or at multiple locations, wherein each database or system includes any of various suitable security features, such as

firewalls, access codes, encryption, de-encryption, compression, decompression, and/or the like.

While a person-to-person transfer may generically be described as a transfer from the trade credit account of a first party to a trade credit account of a second party, for convenience and purposes of brevity and consistency, the present disclosure generally refers to the first party as the purchaser and the second party as the seller. However, it will be recognized by those of ordinary skill in the art that the seller need not provide goods or services to the purchaser in exchange for the transfer of trade credits. While this often may be the case, the present disclosure is not so limited and includes transactions which may be gratuitous in nature, whereby the purchaser transfers trade credits from their trade credit account to the trade credit account of the seller without the seller providing any goods, services, or other value in exchange.

The system of the present invention provides remote barter exchange participants with a means, preferably irrevocable, of immediately receiving value from a remote purchaser; means for improving barter exchange participant willingness to transact with an unknown party; and means for providing rapid trade credit availability. The present invention also provides remote barter exchange participants with means for making a secure, confidential transfer of trade credits; means for releasing trade credits to a barter exchange participant only after approval of the goods, services, or other value received from the other barter exchange participant; means for demonstrating proof of exchange; and means for having some level of recourse against a remote barter exchange participant.

As will be appreciated by one skilled in the art, the present invention admits of various aspects which may be implemented in any of several ways. FIGS. 1-8 illustrate the connectivity and communication paths of the invention as well as several exemplary processes implemented in accordance with particular aspects of the present

invention. However, it should be understood that this illustrated communication flows and order of steps is exemplary only and is not intended to limit the scope of the present invention as described below.

Turning to the drawings, in accordance with one aspect of the present invention, FIG. 1 is a schematic block diagram illustrating an exemplary system 100 for providing a barter exchange line of credit to facilitate barter exchange transactions between parties residing at remote locations. The system 100 includes a creditor 102 that provides a barter exchange line of credit service in communication with a barter exchange utility server 104 and a client system 106. One skilled in the art will appreciate that the system performs a variety of tasks associated with the provision of a barter exchange line of credit as is necessary to facilitate barter exchange transactions between parties residing at remote locations. Those tasks generally relate to, without limitation, application, transaction, billing, payment, default, and cancellation processes necessary to administer a barter exchange line of credit and as further necessary to facilitate barter exchange transactions using a barter line of credit.

One skilled in the art will appreciate that the system architecture also suitably permits importation of any suitable third party services, tools, or applications for use by the creditor 102, the barter exchange utility server 104 or client system 106. Further, communication between the various components of the system 100, including the creditor 102, the barter exchange utility server 104, and the client systems 106, may be suitably implemented through one or more communications networks, such as a private extranet, a public Internet, and/or a third party extranet, though it will be recognized by those skilled in the art that other networks such as a public switch telephone network (PSTN) likewise may be utilized. In another exemplary embodiment, the connection between the creditor 102 and client systems 106 may be implemented through suitable socket connections which embody a suitable protocol

for sending messages to and from the creditor 102 and the client systems 106. Further, in another exemplary embodiment, client systems 106 may be implemented by any suitable type of computing device, including any type of personal computer, point of interaction device, network computer, workstation, minicomputer, mainframe, and/or the like, which implementation may include a suitable browser application, such as a World Wide Web (Web) browser, which may include a suitable encryption capability.

In an exemplary embodiment, access to the barter exchange line of credit occurs through the creditor's web site or a representative embodiment of that web site. The limited access nature is established to ensure that the barter exchange line of credit is only used to purchase trade credits to be used in the barter exchange economy. When trade credits are purchased through a barter exchange line of credit draw-down, the creditor server will deposit the funds in a restricted access depository account that may be known as a barter exchange line of credit restricted account.

A second account may also be established for circumstances when the creditor must release funds to the barter exchange utility server. This account, which may be referred to as the "barter exchange utility server Unrestricted Account", will preferably be established at the discretion of the barter exchange utility server and will preferably be managed by a monetary policy committee selected by the barter exchange utility server.

In an exemplary embodiment, the barter exchange utility server 104 provides centralized routing of information and data through the system 100. Client systems 106 connect to system 100 through barter exchange utility server 104 and subsequently transmit requests to the barter exchange utility server 104.

In an exemplary embodiment, the barter exchange utility server 104 uses Java, which is object-oriented and platform independent, and Extensible Markup Language

(XML) to manage data flow between the creditor 102 and the user interfaces of client systems 106.

Additionally, software elements of the system can be implemented on any suitable platform capable of communicating with the interface of system 100, including DOS/PC/Windows, Macintosh, OS/2, Unix/LINUX/X-Windows, and/or any other suitable platform or system.

In accordance with one aspect of the present invention, FIG. 2 is a schematic block diagram illustrating the various interfaces of an exemplary barter exchange line of credit system 100. In accordance with an exemplary embodiment of the invention, the system 100 includes a barter exchange utility server 104 that sends an application 205 to the underwriting decision engine 208 and receives an underwriting decision 213, returned from the underwriting decision engine 208, in real time. As used herein, the phrase "real time" means bearing the appearance of occurrence without appreciable delay. The underwriting decision engine 208 may communicate with appropriate third party data suppliers 210 as well as receive proprietary information from the creditor 212 to render an underwriting decision. The underwriting decision engine 208 sends the underwriting resolution back to the barter exchange 104 and information to the accounts receivable platform 214, which sends daily batch updates 216 to the barter exchange utility server 104. The accounts receivable platform 214 may also employ an interface engine 218 to communicate with the barter exchange utility server 104. The process to this point should occur, or appear to occur, in real-time in order to facilitate a barter exchange client with a transaction they are attempting to complete. The accounts receivable platform 214 also sends, in periodic batches, a general ledger feed 220 to the creditor 102. The creditor 102 communicates directly with the barter exchange utility server 104 to achieve reconciliation of accounts. The accounts receivable platform 214 is in regular, but



intermittent, communication with a remittance processor 222, a document generator 224, and an e-mail generator 226 in addition to credit reporting 232, collections 230, and client service 228 operations. One of ordinary skill in the art will appreciate that the proprietary information file 212 may be implemented on any suitable database, including an object-oriented database, a relational database, and/or the like. Any suitable authenticating data may be stored in the proprietary information file 212 and may include data such as a client identification number, a password, a pass phrase, any combination of these, and/or the like.

In an exemplary embodiment, a barter exchange utility server maintains a web-site through which bartering occurs. This barter exchange utility server maintains the details of trade credits on a per client basis and also seizes trade credits upon default. An accounts receivable platform provides accounting general ledger maintenance, transaction processing, and financial updates for the creditor. Those financials may include, without limitation, total balance, balance due, open line of credit, and available line of credit. The accounts receivable platform also manages the aging and status of accounts and provides reporting. The accounts receivable platform maintains the detail behind the summarized journal entries which appear on the general ledger for the creditor. A customer service operation administers a client service center for the barter exchange utility server's clients. A remittance processor receives client cash payments and batches, codes, proof inquiries and deposits funds to the creditor's account maintained at the fourth partner. A document generator generates and sends statements, notices and other correspondence to barter exchange line of credit clients. An underwriting decision engine processes online applications made by potential barter exchange line of credit clients via the web-site. This underwriting decision engine grants or denies credit to potential clients via specific parameters established by the creditor. An interface engine may be employed to

provide communication between the barter exchange utility server, the underwriting decision engine and the accounts receivable platform. An e-mail generator may also be employed to manage workflow and e-mail traffic between the creditor, the customer service operation, and the accounts receivable platform.

5 In accordance with one aspect of the present invention, FIG. 3 is a schematic block diagram illustrating an exemplary application process for a barter exchange line of credit. The application process may be initiated by the client system 106 sending a credit request 302 to the barter exchange utility server 104, which responds by forwarding the request to the underwriting decision engine 208, which, based on  
10 communication with the third party vendor 210 and proprietary data 212, replies in real time by sending underwriting decisions 306 to the barter exchange utility server 104. The underwriting decision engine 208 also notifies the accounts receivable platform 214 in real time of the underwriting decision. The accounts receivable platform 214 established accounts and assigns account numbers and reconciles final  
15 approvals and to the barter exchange utility server 104.

As used herein, the term reconcile refers to the process of verifying that sets of information that are intended to be equivalent are equivalent.

The client system 106 is notified of final decisions via e-mail initiated by the barter exchange utility server 104 and via written notification from the document  
20 generator 224. The written notification is initiated via request from the accounts receivable platform 214.

In a broad aspect, the step of processing an application comprises the barter exchange utility server's forwarding the application to an underwriting decision engine; the underwriting decision engine's scoring and decisioning the application;  
25 the underwriting decision engine's storing the score and the decision to a database and logging the application to an underwriter file; the underwriting decision engine's

passing the application and appropriate data to the accounts receivable platform; the accounts receivable platform's initiating a barter exchange line of credit account and assigning an account number and line limit; and the accounts receivable platform's generating appropriate reports for the creditor. During the application process,  
5 information is requested from the applicant. Some disclosures may be required as a prerequisite to consideration.

As one skilled in the art will appreciate, the step of processing an application of the present invention may be suitably configured in any of several ways. It should be understood that the step of processing an application described herein is but one  
10 exemplary embodiment of the invention and is not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of "processing an application" contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

In addition to the steps in Fig. 3, an exemplary application process may  
15 involve a series of steps including, for example, a potential barter exchange line of credit client completing an application on-line; the barter exchange utility server's forwarding the application to an underwriting decision engine; the underwriting decision engine's retrieving third party credit information and creditor proprietary information; the underwriting decision engine's performing the appropriate real-time  
20 fraud and credit assessments as deemed by the creditor; the underwriting decision engine's passing the application and appropriate data to the accounts receivable platform; in the event the application is approved, the accounts receivable platform's initiating a barter exchange line of credit account and assigning an account number and line limit; the accounts receivable platform's passing the newly initiated account  
25 and data to the database; the document generator's generating decline letters for fraud,

credit, and cross-reference declines; and the accounts receivable platform's generating appropriate reports for the creditor.

In accordance with the present invention, any client who has an existing electronic barter exchange account with an exchange that has an established creditor partnership may apply for and receive a barter exchange line of credit. If the underwriting decision engine grants a barter exchange line of credit to the client, the client may then use the barter exchange line of credit to facilitate barter exchange transactions. The accounts receivable platform may then review the line periodically and either suspend, cancel, close, or re-underwrite the line. If the barter exchange line of credit is closed, it may then be converted to an amortized loan. Otherwise, it is not typically necessary, but is an option for the barter exchange line of credit grantee to pay the balance of the barter exchange line of credit down to zero.

In deciding whether and when to grant a barter exchange line of credit to a particular barter exchange client, and in managing the barter exchange line of credit, the creditor may employ a variety of underwriting criteria and credit management processes. For example, several terms and conditions may be created and imposed upon a barter exchange line of credit. Appropriate terms and conditions may include, but are not limited to, origination fees, periodic fees, interest rates, finance charges, line size, grace periods, delinquency fees, other fees, rewards, repayment terms, line access and security. The terms and conditions that are deemed appropriate and desirable may then be implemented as logical rules that govern the barter exchange line of credit.

In accordance with one aspect of the present invention, FIG. 4 is a schematic block diagram illustrating an exemplary transaction process for a barter exchange transaction facilitated by a barter exchange line of credit. The pertinent portions of the transaction process is typically initiated by a client request for a draw down of a

barter exchange line of credit and a purchase of trade credits with cash from the draw down (step 441). The request is first submitted from the client system 106 and is sent to the barter exchange utility server 104. The barter exchange utility server responds to the request by requesting cash (step 442) from the accounts receivable platform 214, which upon approval of the request, posts a draw down (step 443) to the barter exchange line of credit account and returns an approval (step 444) to the barter exchange utility server 104, which then credits trade credits (step 445) to the client's barter exchange account. Periodically, the accounts receivable platform 214 batches updates (step 446) to the creditor 102 for funds, in a manner similar to the presentment of a note. The creditor 102, in turn, posts funds to the general ledger and executes off-setting transactions by debiting the creditor's 102 account and crediting the exchange restricted account (step 447).

As one skilled in the art will appreciate, the transaction mechanism of the present invention and the corresponding function of processing a transaction may be suitably configured in any of several ways. It should be understood that the transaction mechanism described herein with reference to FIG. 4 is but one exemplary embodiment of the invention and is not intended to limit the scope of the invention as described herein.

In addition to Fig. 4, and in accordance with an exemplary embodiment, the transaction process also may occur as follows. First, at the barter exchange site, a client requests a draw from the client's barter exchange line of credit and a purchase of trade credits. Next, the barter exchange utility server sends the request to the creditor, and the request is passed from the barter exchange utility server to the interface engine, and then from the interface engine to the accounts receivable platform. It is then determined whether the client's barter exchange line of credit is available for draw-down. If the barter exchange line of credit has been cancelled or

suspended, then the request is denied. Further, if the request is greater than the "open to buy" limit, then the request is denied.

In an exemplary embodiment, the line limit may permissibly be exceeded by a variance of 2% or another appropriate value. In the event that the request is denied, then a letter indicating the denial and a reason therefor may be sent to the client. In the event that the request is granted, then the creditor draws down the barter exchange line of credit.

As used herein, the phrase "processing a barter exchange transaction" refers to the above described transaction process. As one skilled in the art will appreciate, the step of processing a barter exchange transaction of the present invention may be suitably configured in any of several ways. It should be understood that the step described herein is but one exemplary embodiment of the invention and is not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of processing a barter exchange transaction contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

The draw down typically involves the steps of posting a loan to the creditor's account on the accounts receivable platform, the accounts receivable platform's sending an update to the barter exchange utility server indicating the draw down amount and open barter exchange line of credit, the crediting of trade credits to the client's barter exchange account, the creditor's accounts receivable platform's sending of a batch update to the creditor (funded dollars), the creditor's making a deposit into an exchange restricted account, and the creditor making an entry on a general ledger.

The process of billing typically involves the steps of calculating interest, fee(s), and payment(s) due; storing appropriate data for future inquiries; and sending a physical statement. In an exemplary embodiment, the calculation step generates

values for new interest, delinquency fees, origination fees, and the minimum payment due. The data to be stored for future inquiries is preferably stored to a client exchange page and preferably includes the balance, the finance charge, the fees, the minimum due, and the due date. In an exemplary embodiment, the creditor sends a physical  
5 statement to each barter exchange line of credit client.

As used herein, the term "billing" refers to the above described transaction process. As one skilled in the art will appreciate, the step of billing a barter exchange line of credit client may be suitably configured in any of several ways. It should be understood that the step described herein is but one exemplary embodiment of the  
10 invention and is not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of billing contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

The payment process may be accomplished in a variety of ways including the  
15 selling of trade credits or the client remitting cash to either the creditor of the exchange. As used herein, the phrase payment process is equivalent to the step of processing a payment. As one skilled in the art will appreciate, the step of processing a payment may be suitably configured in any of several ways. It should be understood that the steps described herein, which process steps depend upon the form  
20 of payment, are but exemplary embodiments of the invention and are not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of processing a payment contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

25 In accordance with one aspect of the present invention, FIG. 5 is a schematic block diagram illustrating an exemplary payment process for a barter exchange line of

credit wherein the payment comprises a sale of trade credits. This payment process is typically initiated by a request from the client system 106, the request being sent (step 551) to the exchange 104 and entailing a request to pay down a barter exchange line of credit through the sale of trade credits and the application of any generated funds.

- 5 In response to the request, the exchange 104 debits the client's exchange account (step 552) and sends the payment request (step 553) to the accounts receivable platform 214, which posts the payment (step 554) to the appropriate barter exchange line of credit account and verifies receipt (step 555) to the exchange 104. Periodically, the accounts receivable platform 214 batches updates (step 556) to the creditor 102 for
- 10 funds, in a manner similar to the presentment of a note. The creditor 102, in turn, posts funds to the general ledger and executes off-setting transactions by debiting the creditor's 102 account and crediting the exchange restricted account (step 557).

- The selling of trade credits to pay principal involves the client's requesting to pay down his barter exchange line of credit by selling trade credits resulting in the
- 15 barter exchange utility server's debiting the client's exchange account and the forwarding of the payment request, the posting of the payment to the client's barter exchange line of credit account, the verifying of receipt of the payment, the sending of a batch update to the bank for payment, the posting of funds to the general ledger, and the executing of off-setting transactions including crediting the creditor's account and
- 20 debiting the restricted account.

- In accordance with one aspect of the present invention, FIG. 6 is a schematic block diagram illustrating an exemplary payment process for a barter exchange line of credit wherein the payment comprises cash remitted by a client. This payment process is typically initiated by a remittance of cash from a client (step 661) directly
- 25 to the creditor 102 for payment of a barter exchange line of credit. In response to the payment, the accounts receivable platform 214 notifies (step 662) the exchange 104



which converts offsetting funds to goods and services and supply (step 665) to the barter exchange. Periodically, the accounts receivable platform 214 batches updates (step 663) to the creditor 102 for payment. The creditor 102 posts the payment of funds to the general ledger, executing offsetting transactions by crediting entry to the cash column and debiting entry to the accounts receivable column, as well as debiting entry to the exchange 104 restricted account and crediting entry to the exchange unrestricted account (step 664).

The receipt of cash by the creditor to pay principal involves the client sending a payment to the remittance processor, the remittance processor processing the payment, the posting of the payment and adjustment of the barter exchange line of credit account wherein the payment is applied according to a predetermined hierarchy, the notifying of the barter exchange utility server of the payment, the sending of a batch update to the creditor for payment, the making of general ledger entries for payment, executing off-setting entries for payment, the creditor executing off-setting accounting transactions, and the barter exchange utility server converting funds to goods and services as necessary. If the client remits funds directly to the exchange for payment on the exchange line of credit, then the exchange forwards the remittance to the creditor and the process is the same as the exemplary payment process shown in Fig. 6.

In general, a payment hierarchy may be established to determine the order in which portions of each payment are applied to the various fees that may be due for the barter exchange line of credit. In an exemplary embodiment, payments made by commercial paper instruments such as checks and money orders may be applied to fees, interest, and principal balances. Trade credit payments, however, are applied to only principal in an exemplary embodiment.

In an exemplary embodiment, a barter exchange line of credit has a predetermined billing and statement processing and periodicity, and upon the completion of a period, accrued interest may be posted to the account and statements generated and mailed. In an exemplary embodiment, there may be a grace period associated with the barter exchange line of credit, and a fee may also be charged if the balance is not paid before the end of the grace period. A due date may be established for each barter exchange line of credit. A variety of fees may be charged upon the occurrence of events such as the return or dishonor of commercial paper, the imposition of a stop payment order, exceeding the line limit, or a request for statement copies.

Any known in the art reward system similar to ClickRewards™ by Netcentives (as partially disclosed in U.S. Patent No. 5,774,870), Membership Rewards™ by American Express, Meridicard™ rewards by Meridian Enterprises (as partially disclosed in U.S. Patent No. 5,025,372), and/or the like, all of which are herein incorporated by reference, may be implemented as a feature of a barter exchange line of credit system.

A variety of repayment terms are possible for the line of credit. In an exemplary embodiment, there is no minimum payment due on the principle. Interest and fees, however, may be payable in full.

Upon cancellation of the barter exchange line of credit, the outstanding balance may either be converted to an amortized loan or called in its entirety for immediate payment.

Access to the barter exchange line of credit occurs in the form of a draw down that may be initiated only by the occurrence of a specific request by the client through the Exchange.

In an exemplary embodiment, the barter exchange line of credit is an unsecured line of credit.

In accordance with one aspect of the present invention, FIG. 7 is a schematic block diagram illustrating an exemplary process for defaulting a barter exchange line of credit. The default process is typically initiated by a client's default (step 771) on a barter exchange line of credit account. The accounts receivable platform 214 responds to the default by providing notification (step 772) of the default status to the exchange 104. If trade credits exist in the client's account, the exchange 104 debits the client's barter exchange account (step 773) and notifies the creditor (step 774), optionally through the accounts receivable platform, of the payment, and the accounts receivable platform 214 updates the client's account (step 775) with the payment information received from the exchange 104. The application of trade credit payments then completes the payment process (steps 776 and 777) as described previously in Fig. 5. The remaining balance on the exchange line of credit, after application of the trade credit payment, is considered in default. After a predetermined time period, the default is written off (step 778), which write-off is accomplished by debiting entry to the exchange 104 restricted account and crediting entry to the exchange 104 unrestricted account. To complete the write-off, the exchange 104 converts offsetting funds to goods and services and supply to the barter exchange (step 779).

In addition to FIG. 7, the default process may involve a client defaulting on a barter exchange line of credit, posting a status indicator on the accounts receivable platform, executing a cancellation process, sending an update of the default status to the barter exchange utility server, the barter exchange utility server's inquiring for trade credits on the client's exchange account, posting payment to the account on the accounts receivable platform, continued seizing of trade credits and apply payments

until the default balance is paid to zero, applying cash payments, and reconciling overpayments.

One skilled in the art will appreciate that as used herein, the default process also refers to the process for defaulting barter exchange line of credit. One skilled in the art will also appreciate that the step of defaulting a barter exchange line of credit may be suitably configured in any of several ways. It should be understood that the steps described herein are but exemplary embodiments of the invention and are not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of defaulting a barter exchange line of credit contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

A write-off process is preferably triggered whenever an account has been in default for more than 180 days. The process of writing-off a default balance is accomplished by the creditor and involves appropriate write-offs, notifications, and execution of offsetting transactions.

One skilled in the art will appreciate that as used herein, write-off process also refers to the process for writing-off a barter exchange line of credit. One skilled in the art will also appreciate that the step of writing-off a barter exchange line of credit may be suitably configured in any of several ways. It should be understood that the steps described herein are but exemplary embodiments of the invention and are not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of writing-off a barter exchange line of credit contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

A suitable cancellation process may depend upon whether the cancellation is a derogatory information file cancellation or a non-derogatory information file

cancellation. The derogatory information file cancellation is the same as the default process. The non-derogatory information file cancellation process, however, suitably includes the steps of a client's requesting cancellation at the barter exchange utility server, if the client's barter exchange line of credit balance is positive, notifying the client of the need to pay down the barter exchange line of credit, or, if the client's barter exchange line of credit balance is equal to zero, then the creditor's verifying that the balance is zero and notifying the client of the cancellation and closing the account, or, if the creditor's verification indicates that the balance is positive, then notifying the client of the need to pay down the barter exchange line of credit.

One skilled in the art will appreciate that as used herein, cancellation process also refers to the process for canceling a barter exchange line of credit. One skilled in the art will also appreciate that the step of canceling a barter exchange line of credit may be suitably configured in any of several ways. It should be understood that the steps described herein are but exemplary embodiments of the invention and are not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of canceling a barter exchange line of credit contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

A suitable credit servicing process accommodates both case management and incoming calls. A suitable process for case management includes the steps of triggering an account for risk assessment, applying account evaluation criteria as one skilled in the art will appreciate, setting up the credit case, executing dunning procedures, executing suspension procedures, executing cancellation procedures, and closing the case. Executing dunning procedures suitably may include letter dunning, phone dunning, capturing dunning outcomes, and actioning an account.

One skilled in the art will appreciate that as used herein, servicing process also refers to the process for servicing a barter exchange line of credit. One skilled in the art will also appreciate that the step of servicing a barter exchange line of credit may be suitably configured in any of several ways. It should be understood that the steps  
5 described herein are but exemplary embodiments of the invention and are not intended to limit the scope of the invention as described herein. For example, one skilled in the art will appreciate that as used herein, the step of servicing a barter exchange line of credit contemplates all variations in the order of the steps as well as the identity of the performer of the steps.

10 A suitable process for incoming calls includes receiving an incoming call, viewing an account credit case, updating the case, executing dunning procedures, and closing the case.

In an exemplary embodiment, the system may be programmed to recognize the occurrence of a predetermined event or set of events, to deem such an occurrence  
15 to indicate default, to assign default status to a barter exchange line of credit and to suspend or cancel the barter exchange line of credit account. In an exemplary embodiment, default on the barter exchange line of credit is indicated whenever any of the following three sets of criteria are satisfied. First, whenever the client fails to service the account has not been serviced (i.e., fees and finance charges paid) for a  
20 predetermined period of time; second, whenever the creditor discovers cross-reference accounts and/or relationships, either internal or external to the creditor; and third, whenever the exchange account is cancelled while there exists an outstanding principle balance associated with the barter exchange line of credit.

When a barter exchange line of credit account is deemed to be in default or  
25 has been assigned default status, existing barter exchange trade credits are immediately seized and applied to the barter exchange line of credit balance according

to a predetermined account liquidation hierarchy. Any balance that remains after the application of the seized trade credits is deemed the final default balance. Any and all trade credits obtained after default are then applied to the defaulted barter exchange line of credit until the balance is paid to zero. If the defaulted account still has a positive balance at 180 days delinquency, the account may be "written off" and a guarantor may be obligated to release restricted funds to the barter exchange according to a predetermined hierarchy

The system may also be programmed to recognize the occurrence of a second predetermined event or set of events, to deem such an occurrence to indicate delinquency, to assign delinquency status to a barter exchange line of credit and to suspend or cancel the barter exchange line of credit account. In an exemplary embodiment, delinquency on the barter exchange line of credit is indicated whenever the account is not serviced (fees and finance charges paid) when due. If the client fails to pay in the billed balance prior to the next billing cycle, the account will be "30 days past due" or "30 days delinquent."

Although the invention has been described herein as facilitating barter exchange transactions between parties residing at remote locations, one of ordinary skill in the art will appreciate that the invention is not so limited and includes the facilitation of barter exchange transactions between co-located parties.

It should be understood that the detailed description and specific examples, while indicating exemplary embodiments of the present invention, are given for purposes of illustration only and not of limitation. Many changes and modifications within the scope of the instant invention may be made without departing from the spirit thereof, and the invention includes all such modifications. The corresponding structures, materials, acts, and equivalents of all elements in the claims below are intended to include any structure, material, or acts for performing the functions in

combination with other claimed elements as specifically claimed. The scope of the invention should be determined by the appended claims and their legal equivalents, rather than by the examples given above. For example, the steps recited in any method claims may be executed in any order and are not limited to the order presented in the claims. Moreover, no element is essential to the practice of the invention unless specifically described herein as "critical" or "essential".



What is claimed is:

1. A method of facilitating a barter exchange transaction, the method comprising the steps of:
  - receiving a request to debit funds from a financial account of a client;
  - 5 converting funds from said financial account to trade credits;
  - offsetting said converted funds by creating a receivable;
  - providing said trade credits to said barter exchange utility server, said trade credits providing consideration in a barter transaction between said client and at least one other party; and
  - 10 offsetting said receivable with offsetting funds wherein said offsetting funds are derived by converting said value to funds.
2. The method of claim 1 further comprising processing an application for a barter exchange line of credit.
3. The method of claim 1 further comprising processing a barter exchange  
15 transaction wherein the consideration comprises trade credits.
4. The method of claim 1 further comprising billing a barter exchange line of credit client for barter exchange line of credit services.
5. The method of claim 1 further comprising processing a payment received in the form of proceeds from a sale of trade credits.
- 20 6. The method of claim 1 further comprising processing a payment received in the form of cash.
7. The method of claim 1 further comprising defaulting a barter exchange line of credit.
8. The method of claim 1 further comprising writing-off a barter exchange  
25 line of credit.

9. The method of claim 1 further comprising canceling a barter exchange line of credit.

10. The method of claim 1 further comprising servicing a barter exchange line of credit.

5        11. A system for providing a barter exchange line of credit to facilitate barter exchange transactions comprising:

at least one client system;

a barter exchange utility server in communication with the client; and

at least one creditor in communication with the barter exchange utility server;

10        wherein said creditor provides a barter exchange line of credit service; and

wherein said creditor is capable of receiving data from, and transmitting data to, said barter exchange utility server.

12. The system of claim 11 further comprising an accounts receivable platform in communication with said barter exchange utility server.

15        13. The system of claim 12 wherein said accounts receivable platform is adapted to accommodate creditor reports.

14. The system of claim 12 wherein said accounts receivable platform is adapted to accommodate collection of a debt.

20        15. The system of claim 12 wherein said accounts receivable platform is adapted to communicate with a customer service operation.

16. The system of claim 12 wherein said accounts receivable platform communicates with said barter exchange utility server through an interface engine.

17. The system of claim 12 further comprising an underwriting decision engine in communication with said barter exchange utility server.

25        18. The system of claim 17 wherein said underwriting decision engine is adapted to communicate with third party data sources.

19. The system of claim 17 wherein said underwriting decision engine is adapted to communicate with a creditor's proprietary information.

20. The system of claim 12 further comprising a document generator adapted to receive data and instructions from said accounts receivable platform.

5        21. The system of claim 12 further comprising a remittance processor adapted to receive data and instructions from said accounts receivable platform.

22. The system of claim 12 wherein said system is adapted to process an application to open a barter exchange line of credit.

10       23. The system of claim 12 wherein said system is adapted to open a barter exchange line of credit.

24. The system of claim 12 wherein said system is adapted to process an application to modify a barter exchange line of credit.

25. The system of claim 12 wherein said system is adapted to modify a barter exchange line of credit.

15       26. The system of claim 12 wherein said system is adapted to transact a barter exchange.

27. The system of claim 12 wherein said system is adapted to bill a client for barter exchange line of credit services.

20       28. The system of claim 12 wherein said system is adapted to credit a client's account for the proceeds from a sale of trade credit.

29. The system of claim 12 wherein said system is adapted to credit a client's account for a payment of cash.

30. The system of claim 29 wherein said payment of cash is received by a creditor.

25       31. The system of claim 29 wherein said payment of cash is received by said barter exchange utility server.

32. The system of claim 12 wherein said system is adapted to default on a barter exchange line of credit.

33. The system of claim 12 wherein said system is adapted to write-off of a barter exchange line of credit.

5        34. The system of claim 12 wherein said system is adapted to cancel a barter exchange line of credit.

35. The system of claim 12 wherein said system is adapted to service a barter exchange line of credit.

10       36. The system of claim 12 wherein said system is adapted to authenticate a client as user of a barter exchange line of credit.

37.     A method of facilitating a barter exchange transaction, the method comprising the steps of:

receiving a request to debit funds from a financial account of a client;

forwarding said request to a creditor;

15       receiving barter credits from a creditor;

crediting the exchange account of the client; and

sending trade credits to the creditor as payment for the client's financial account.

20       38. The method of claim 37 further comprising processing an application for a barter exchange line of credit.

39. The method of claim 37 further comprising processing a barter exchange transaction wherein the consideration comprises trade credits.

40. The method of claim 37 further comprising billing a barter exchange line of credit client for barter exchange line of credit services.

25       41. The method of claim 37 further comprising processing a payment received in the form of proceeds from a sale of trade credits.

42. The method of claim 37 further comprising processing a payment received in the form of cash.

43. The method of claim 37 further comprising defaulting a barter exchange line of credit.

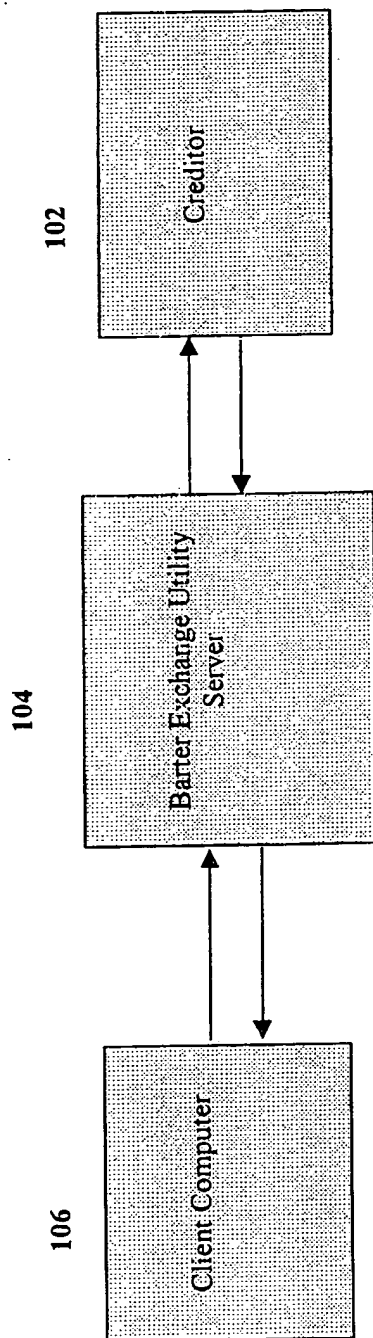
5        44. The method of claim 37 further comprising writing-off a barter exchange line of credit.

45. The method of claim 37 further comprising canceling a barter exchange line of credit.

10       46. The method of claim 37 further comprising servicing a barter exchange line of credit.

1/7

Fig. 1  
Exemplary System for Providing a Barter Exchange Line of Credit  
to Facilitate Barter Exchange Transactions  
Between Parties Residing at Remote Locations

100

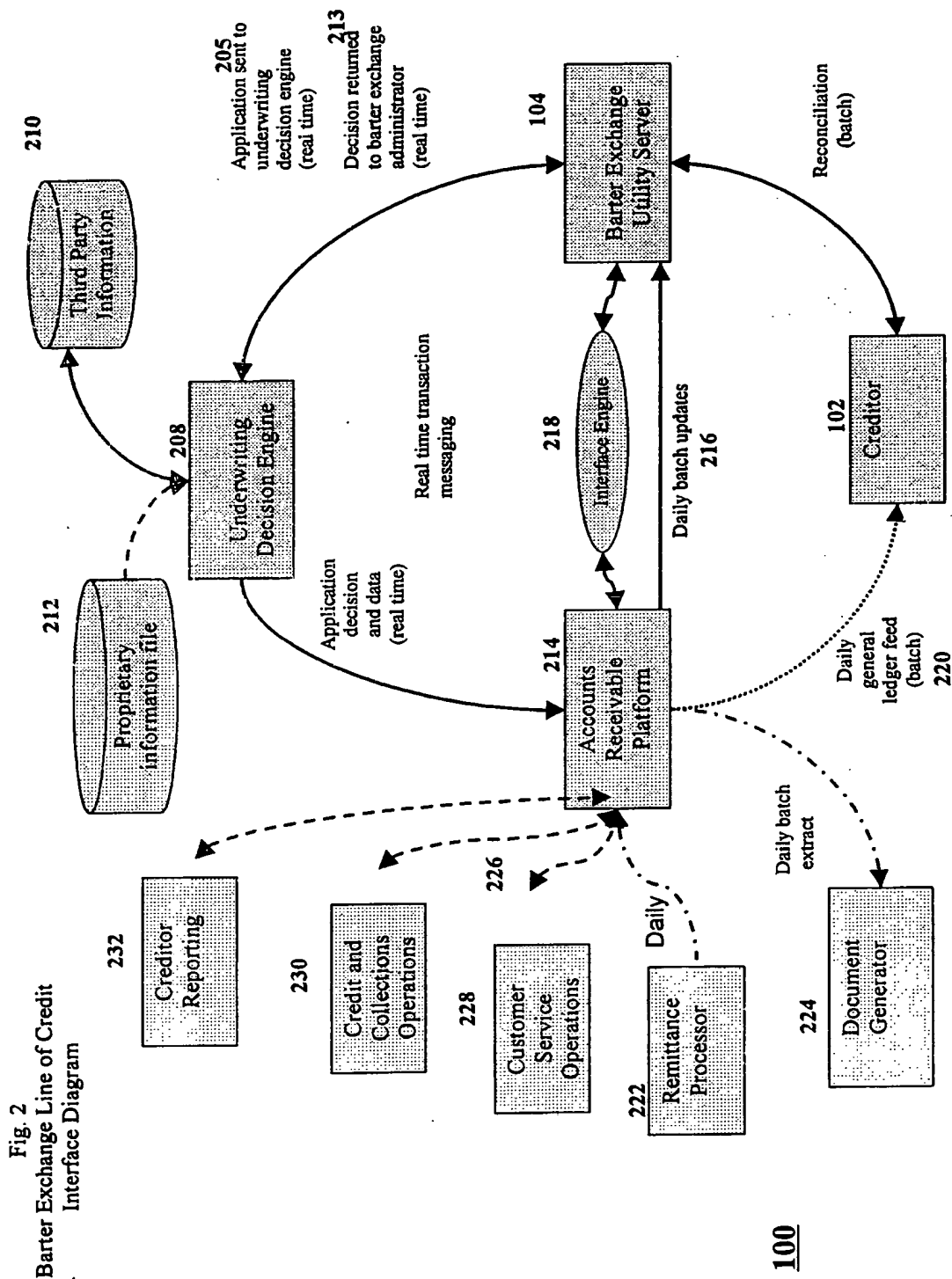


Fig. 3. Exemplary Application Process for a Barter Exchange Line of Credit.

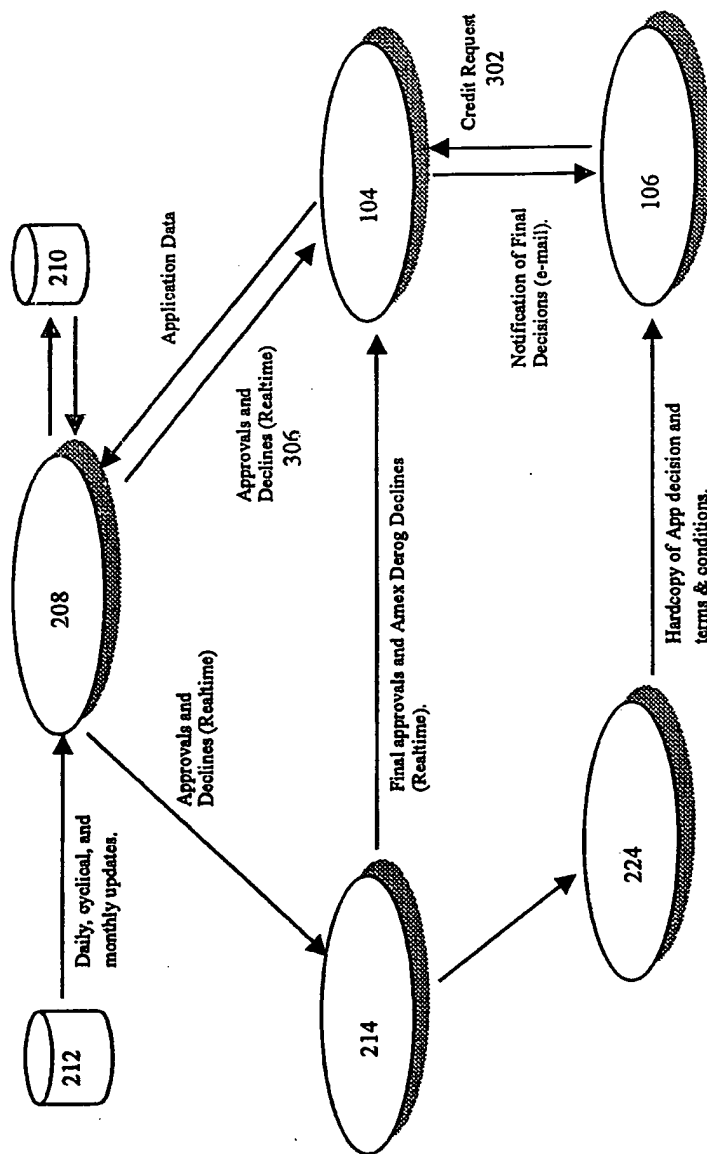




Fig. 4. Exemplary Transaction Process for a Barter Exchange Transaction Facilitated by a Barter Exchange Line of Credit.

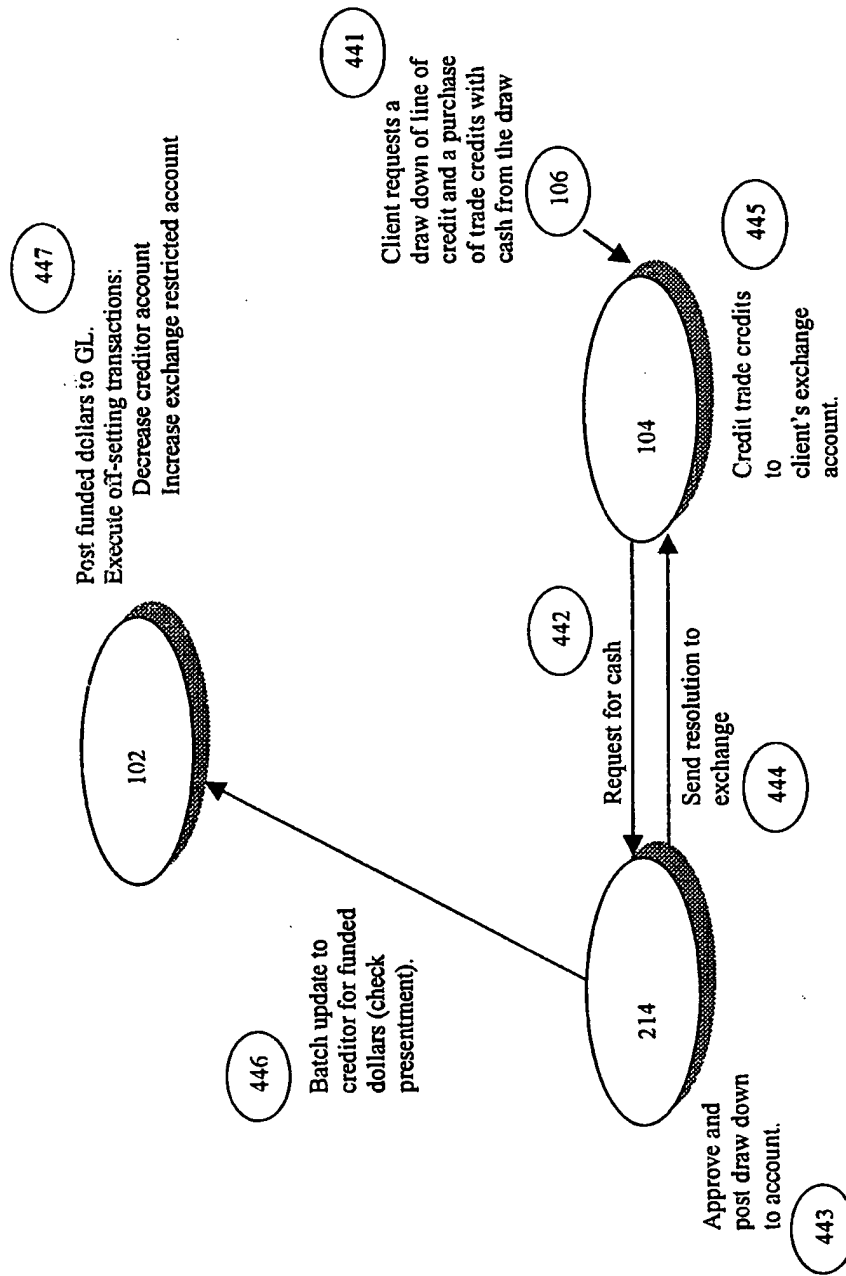


Fig. 5. Exemplary Payment Process for a Barter Exchange Line of Credit Wherein the Payment Comprises a Sale of Trade Credits.

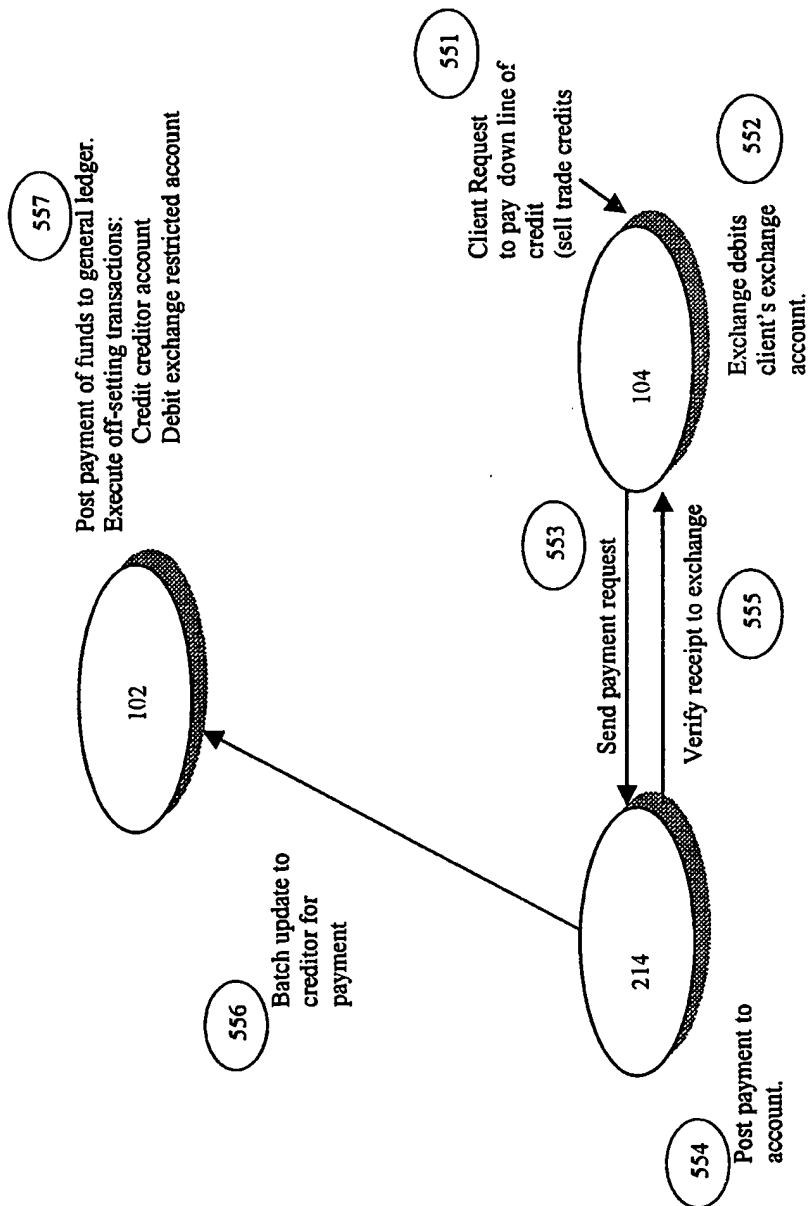


Fig. 6. Exemplary Payment Process for a Barter Exchange Line of Credit Wherein the Payment Comprises Cash Received by a Barter Exchange Line Creditor.

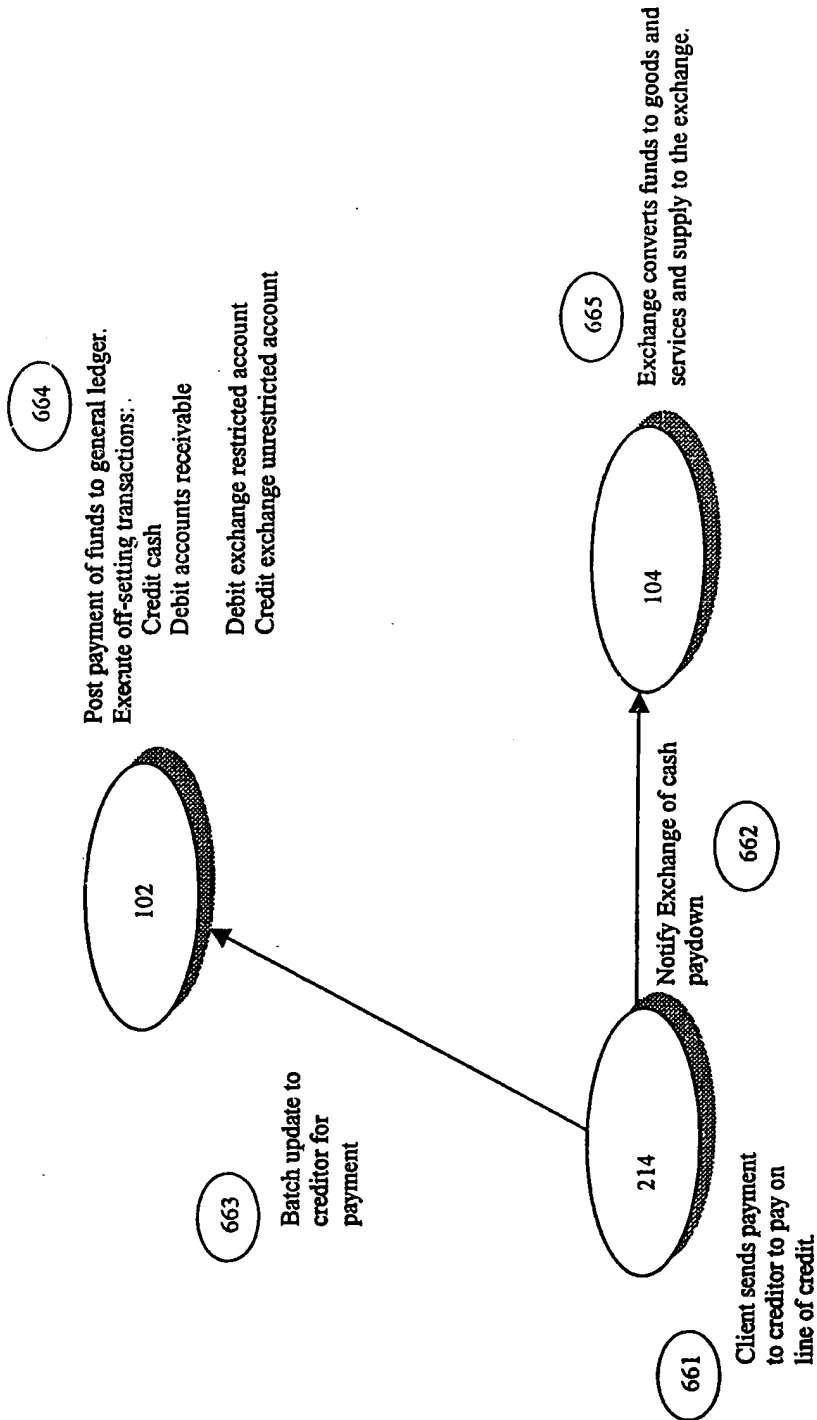
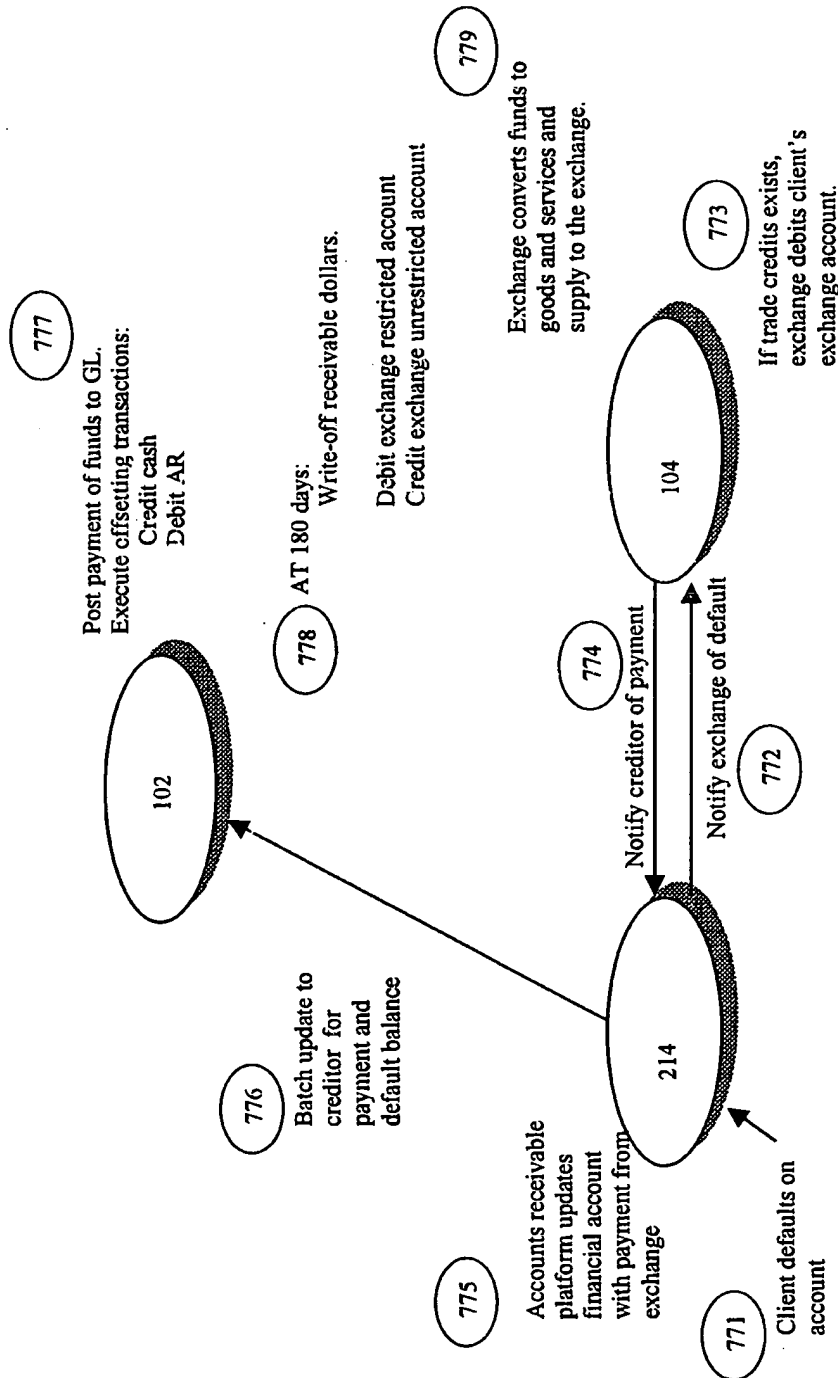


Fig. 7. Exemplary Process for Defaulting a Barter Exchange Line of Credit.



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